

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 INT-05 TRSE-00 AID-05 EB-08 COME-00

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FM AMEMBASSY CONAKRY

TO SECSTATE WASHDC 2948

INFO AMEMBASSY MONROVIA

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E.O. 11652: GDS

TAGS: EMIN EINV GV US LI

SUBJECT: AMERICAN PARTICIPATION IN MIFERGUI/NIMBA IRON
ORE PROJECT

1. IBRD OFFICIALS HARTSELL CASH, MICHAEL GILLETTE
AND RAYMOND RABEHARISOA VISITED CONAKRY APRIL 15 - 18
IN ORDER DELIVER TO MINISTER OF DOMAIN ISMAEL TOURE A
LETTER FROM THE PRESIDENT OF UNITED STATES STEEL
FORMALLY PROPOSING THAT U.S. STEEL REJOIN MIFERGUI/
NIMBA WITH MINIMUM 15 PERCENT/MAXIMUM 25 PERCENT
EQUITY PARTICIPATION. LETTER LISTS SEVERAL CONDITIONS
FOR NEGOTIATIONS WHICH IBRD BELIEVES CAN BE SATISFIED.

2. COMMENT: THIS IS A MOST SIGNIFICANT DEVELOPMENT.
IBRD HAS APPARENTLY SUCCEEDED IN ITS GOOD BROKER ROLE
MORE RAPIDLY THAN ANTICIPATED, IN PART BECAUSE OF
POLITICAL AND ECONOMIC DIFFICULTIES ENCOUNTERED BY
U.S. STEEL IN THE MAJOR CARAJAS IRON ORE DEVELOPMENT
IT HAD BEEN PLANNING IN BRAZIL.

3. GOG SEEMS DELIGHTEDLY BY RENEWED U.S. STEEL INTEREST,
WHICH PROMISES TO ASSURE THE REALIZATION OF
MIFERGUI/NIMBA. GOG WOULD DEARLY LIKE TO REACH AGREEMENT
IN PRINCIPLE WITH U.S. STEEL TO PERMIT DRAMATIC
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ANNOUNCEMENT BY SEKOU TOURE ON MAY 14. IBRD TEAM HAS
AGREED RETURN IMMEDIATELY TO PITTSBURGH TO SEEK SUCH EARLY
ACCORD, BUT IS BY NO MEANS SURE THAT CONDITIONS CAN BE
IRONED OUT SO FAST OR EVEN THAT U.S. STEEL IS CAPABLE
OF SO EARLY A FINAL COMMITMENT. GUINEANS WILL STILL
HAVE DELICATE TASK OF PERSUADING SOME OF PRESENT
PARTICIPANTS THAT THEY MUST EITHER WITHDRAW OR REDUCE

THEIR SHARE TO PERMIT DOMINANT ROLE FOR U.S. STEEL
(ONE OF U.S. STEEL'S CONDITIONS IS THAT IT HAVE RELATIVELY
FREE HAND TO HEAD UP TECHNICAL PLANNING, CONSTRUCTION
AND INITIAL MANAGEMENT). ASSUMING PROJECT GOES FORWARD
AS EXPECTED BY IBRD-- AND AFTER THE KAISER EXPERIENCE
WE ARE COUNTING NO CHICKENS YET-- ROLE OF U.S. STEEL
SHOULD HAVE SHARP POSITIVE IMPACT ON US/GUINEAN RELATIONS.

4. DIFFICULT NEGOTIATIONS WITH LIBERIAN GOVERNMENT AND
LAMCO OVER FREIGHT RATES MUST ALSO STILL BE COMPLETED.
GOG HAS HOPED MAJOR AMERICAN PARTNER COULD BE ON BOARD
IN TIME TO HELP WORK OUT AN EQUITABLE AND DURABLE
AGREEMENT WITH LIBERIANS. BANK BELIEVES ONE POSSIBILITY
FOR CONSIDERATION IS LARGER EQUITY PARTICIPATION BY
LIBERIAN GOVERNMENT IN MIFERGUI/NIMBA. IBRD EXPERTS
WARN THAT TIMETABLE FOR PROJECT ON THIS SCALE (ONE BILLION
DOLLARS) WILL BE MEASURED. THEY WOULD ANTICIPATE
TWO YEARS FOR CONSOLIDATION OF COMPANY, ARRANGING
TRANSPORT AND COMPLETION OF ENGINEERING PLANS, TWO YEARS
TO NEGOTIATE FINANCING, TWO YEARS FOR ACTUAL CONSTRUCTION,
AND TWO YEARS OF START UP BEFORE COMPANY WOULD BE EARNING
ANY SUBSTANTIAL HARD CURRENCY FOR GUINEA IN ABOUT 1985.

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Message Attributes

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Sent Date: 18-Apr-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
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